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SUBJECT: A/S SHANNON'S KOREAN CONSULTATIONS ON LATIN AMERICA

REF: SEOUL 969

Classified By: POL M/C Joseph Y. Yun. Reasons 1.4 (b), (d).

SUMMARY

1. (C) Visiting WHA Assistant Secretary Shannon on April 12 reviewed with ROKG officials U.S. objectives for enlisting strategic partners, like Seoul and Tokyo, to play a key role in promoting democracy, free markets, and economic prosperity in Latin America. ROKG officials welcomed consultations with Washington on ways to cooperate to make Latin America more secure and stable and detailed South Korean efforts to increase its political and economic ties to the region. Seoul mentioned that in late April, South Korean, Japanese, and Chinese officials were planning to hold a trilateral meeting in Beijing to discuss the political and economic situation in Latin America. END SUMMARY.

2. (C) WHA Assistant Secretary Thomas Shannon visited Seoul February 11-12, meeting separately with Cho Tae-yong, Director General for the North American Affairs Bureau in the Ministry of Foreign Affairs and Trade; Han Byung-kil, Director General of MOFAT's Latin American and Caribbean Affairs Bureau; and Deputy Foreign Minister Yun Byung-se. Shannon was accompanied to MOFAT meetings by Executive Assistant John Creamer, POL Minister-Counselor Joseph Yun, and poloffs. Shannon also participated in a roundtable at the Korea Institute of International Economic Policy to meet with academics, diplomats, and journalists. END SUMMARY.

NORTH AMERICAN AFFAIRS BUREAU

3. (C) DG Cho Tae-yong began his meeting by noting that he wanted to widen his Bureau's cooperation with Washington. His Bureau had once been called the American Affairs Bureau, but after then-President Kim Yong-sam visited Latin America in 1996, MOFAT established a Latin American and Caribbean Affairs Bureau separate from the North American Affairs Bureau. On Canada, Cho said that Seoul and Ottawa were engaged in negotiations for a free trade agreement (FTA) with the fifth round of FTA talks to be held April 24-27 in Ottawa. Although Venezuela was outside of his portfolio, Cho

asked for an update on USG policy. In addition, he noted that from time-to-time South Korea had received inquiries from Cuba about commercial opportunities, but Seoul had decided against normalizing relations in deference to USG preferences.

14. (C) A/S Shannon said that Washington, especially since the September 11 attacks, had taken steps to emphasize the link between security and trade issues. There was a need to work with Canada and Mexico to enact measures to improve security among the North American Free Trade Agreement partners. Canadian Prime Minister Harper met with President Bush and Mexican President Fox in Cancun in March, and Harper intended to visit the United States in June.

15. (C) Shannon said that the United States has had a long relationship with Venezuela, particularly in the energy sector, and wanted to continue to work with the country. Unfortunately, President Chavez sought confrontation with the United States in the belief that such an approach strengthened his domestic and regional standing. Chavez had (1) weakened democratic institutions in Venezuela appealing to an authoritarian temptation; (2) promoted state-centered economics in the region although the Venezuelan economic model with its oil revenues provided a poor model for its neighbors; and (3) sought to cut off South American integration from North America in part by promoting conflict with Washington. To counter Chavez, Shannon said the United States was promoting a positive message urging Latin America to rediscover the link between democratic development and economic prosperity. He said like-minded countries, such as Korea and Japan, should emphasize to Latin leaders the importance of representative government and free markets in building a more prosperous, democratic, and secure hemisphere.

LATIN AMERICAN AND CARIBBEAN AFFAIRS BUREAU

16. (C) Providing an overview of American policy and objectives toward Latin America, A/S Shannon emphasized to DG Han that by year-end there would be elections and new governments in 10 countries in the region. The USG sought to maintain strong cooperation with its neighbors, but relations were complicated by the emergence of populist leaders who were trying to meet new demands from often radical constituencies. Shannon had traveled in Latin America, as well as Europe, to encourage efforts to bolster democracy in Latin America and to link it to economic development. Consultations in Korea and Japan were designed to enlist strategic partners to play a key role in guiding Latin American governments to make the right decision to promote democracy and free markets. His next stop was Beijing where he would discuss Chinese views of the region.

17. (C) DG Han expressed his appreciation for the Assistant Secretary's visit, adding that he shared the same point of

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view. He had recently visited Tokyo to meet his counterpart, where he noted that although the South Korean economy was one-tenth the size of Japan's, its trade with Latin America was just over half the size. Chinese trade with Latin America was \$50 billion, Japanese trade was \$40 billion, and Korean trade was \$22 billion.

18. (C) Seoul was stepping up its involvement in Latin America, said Han. In March 2006, Foreign Minister Ban visited Argentina and Peru, in part to seek regional support for his UNSYG candidacy. Seoul, however, looked to sub-regional groups, such as the Caribbean Community and Common Market (CARICOM) and the Andean Community, to increase its ties to the region because it only had 16 embassies to cover more than 30 nations. The ROK was also a member of the Inter-American Development Bank (IDB) and had observer status in the Organization of American States (OAS). With Japan a full member of the Economic Commission for Latin America and the Caribbean (ECLAC), Seoul would like to join too. Seoul

has been in discussions about joining the Central American Bank for Economic Integration (CABEI), but after expressing its interest, the entry fee reportedly was raised significantly.

¶9. (C) Han said South Korea also participates in the Forum on East Asia, Latin America and the Caribbean (FEALAC). FEALAC groups 15 Asian and 17 Latin American countries and provides a useful venue for dialogue. Still, the Latin countries do not push concrete initiatives within the forum, and the group lacks any real achievements. Korea would prefer that the group play a more active role, and hoped that Japan might take the initiative in this regard.

¶10. (C) Han said South Korean officials were also in touch with counterparts in Tokyo and Beijing about sharing perspectives on Latin America. On April 25, Korea, Japan, and China intended to hold a director-general-level trilateral in Beijing to talk about the political and economic situation in the region. Han opined that the Chinese economic role was expanding quite fast in the region, but asserted that Beijing seemed to have less influence than its trade figures might suggest. The rising level of Chinese trade, however, might lead to more competition with Japan for markets and status. His Japanese counterparts had recently suggested developing an undefined "joint project" in Latin America, perhaps to address the rising Chinese presence. Han would keep us informed on any resulting developments.

¶11. (C) On Venezuela, Han said Korea shared our view that President Chavez was a disruptive force in the region. Korea's Ambassador in Caracas had reported that Chavez wanted to visit Asia in the near future. Han said he would keep us posted on developments.

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LUNCHEON WITH DEPUTY FOREIGN MINISTER YUN

¶12. (C) A/S Shannon suggested to Deputy Foreign Minister Yun that the South Korean experience with democratization and economic development could be a helpful example for Latin America. He reviewed Venezuela's efforts to provoke adverse relations with the United States, including recent GOV-orchestrated attacks on the U.S. Ambassador in Caracas. Nevertheless, Shannon stressed that the USG relationship with Latin America would not be defined by Venezuela; Washington was looking for partners to advance the agenda for promoting democracy and economic prosperity. In this regard, Washington appreciated the South Korean decision to support the Guatemalan candidacy for the UN Security council.

¶13. (C) Yun emphasized that UN reform was at stake, so it would be a problem if Venezuela secured a UNSC seat. The Human Rights Council was another example of UN reform, even though, he said, he understood the U.S. position. The UN needed the next Secretary General to be a good manager, reformer, and bridge builder. This was why Seoul put forward the candidacy of Foreign Minister Ban Ki-moon. Han added that Minister Ban had received positive responses on the UNSYG issue during his trip to Argentina and Peru (ref A).

¶14. (C) Yun reported that the initial South Korean experience with its FTA with Chile was beneficial for both countries. Korea was continuing discussions with other countries, like Mexico, to undertake more trade agreements. South Korean businesses were working to improve their competitiveness, and products like Hyundai cars, LG televisions, and Samsung phones were proving successful. Echoing earlier comments, Yun said that Seoul was looking to take advantage of international bodies, such as the Community of Democracies (CD), to reach out and establish more connections with Latin America. President Roh had already made two trips to the region, and South Korean ministers stood "ready to fly" for more opportunities.

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ROUNDTABLE DISCUSSION AT KIEP

¶15. (C) In the afternoon, A/S Shannon visited the Korea Institute for International Economic Policy to address a roundtable on USG priorities and policies in Latin America. The KIEP academics and outside experts, including the Brazilian Ambassador, generally raised questions about USG policy toward individual countries, like Venezuela and Cuba, as well as China's role in the region. Shannon reiterated the need for like-minded countries to coordinate efforts to make the Western Hemisphere more democratic, more prosperous, and more secure.

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